The bill has three marriage penalty provisions. One would fix the marriage penalty for lower- and middle-income working families getting the EITC. The second would make the standard deduction for married couples equal to two times the standard deduction for single taxpayers. Both of these provisions benefit working families who have the hardest time finding the money to pay taxes.

But a third provision in the Republican marriage penalty bill would reduce the rates at which income is taxed for some married couples. This provision would, for married couples, increase the income level at which the 15 percent tax bracket ends and the 28 percent bracket begins, and also increase the income level at which the 28 percent bracket ends and the 31 percent bracket begins.

Once fully in effect, the provision to expand the 15 percent and 28 percent tax brackets would cost more than $20 billion a year. It would thus account for most of the package's overall cost when fully phased in.

Here's how this costly provision would work. Right now, there are five tax brackets. Married couples who make taxable incomes up to $43,850 pay tax at a rate of 15 percent of their taxable income. Couples who make between $43,850 and $105,950 pay 15 percent on their first $43,850 plus 28 percent on the amount over $43,850. A 31 percent bracket applies to income between $105,950 and $161,450. A 36 percent bracket applies to income between $161,450 and $288,350. And a 39.6 percent bracket applies to income above $288,350.

To address the marriage penalty, the Republican bill raises the cut-off points for the 15 percent and 28 percent brackets. But the Republican bill would not raise the brackets for the 31, 36, and 39.6 percent brackets, leaving some marriage penalty to exist for those very well-off groups. The Republican bill thus already acknowledges the principle in my amendment that there is some point at which tax cuts for the best-off among us are not appropriate.

The way the Republican bill would work, the bracket expanding provision would have absolutely no benefit for taxpayers with taxable incomes of up to $43,850. And it would benefit every married couple filing jointly with incomes above $43,850. The portion of this provision that would expand the 28 percent tax bracket would have absolutely no benefit for taxpayers with taxable incomes of up to $105,950. And it would benefit every married couple filing jointly with incomes above $105,950.

As only the top quarter of taxpayers have incomes high enough to put them in brackets higher than the 15 percent bracket, only those in the top quarter of the income distribution would benefit from the provision. By striking this provision, my amendment would thus make the marriage penalty relief more targeted to those who need it most.

The Joint Committee on Taxation has estimated that for 2005, more than 70 percent of the fully-implemented Republican bill's benefits would go to tax filers with incomes above $75,000, and only 15 percent of the benefits would go to tax filers with incomes below $50,000.

Citizens for Tax Justice estimates that among married couples, those with incomes above $75,000 would receive 68 percent of the benefits of the Republican bill when it is fully phased in. They estimate that more than 40 percent of the benefits would go to couples with incomes above $100,000. Only 15 percent of its benefits would go to the 45 percent of married couples with incomes below $50,000.

Mr. President, I ask that an analysis of the Republican bill by the Center of Budget and Policy Priorities be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

My amendment would better target the marriage-penalty relief in the Republican bill. It would use the savings from doing so to simplify taxes and to free middle- and lower-income Americans from paying income taxes altogether. This amendment presents a clear choice, and I urge my colleagues to support it.

EXHIBIT 1

JOINT COMMITTEE ON TAXATION,
Washington, DC, July 12, 2000.

Hon. RUSSELL D. FEINGOLD,
U.S. Senate, SH-716
Washington, DC.

DEAR SENATOR FEINGOLD: This letter is in response to your request of July 5, 2000, for a revenue estimate of a possible amendment to the ''Marriage Tax relief Reconciliation Act of 2000.''

The amendment would replace the increase in the married filing a joing return 15-percent and 28-percent rate brackets, estimated to cost 17.523 bllion, with an increase in the standard deduction for singles and heads of household. The provisions affecting the earned income credit, married filing a joint return standard deduction, and the AMT treatment of credits would remain unchanged. All provisions would sunset after December 31, 2004.

You asked that we determine the maximum possible increase in the single and head of household standard deductions within the constraint of the revenue effect of the bill as reported. Under this constraint, the standard deduction would increase for singles from 4,500 to 4,750 and for heads of household from 6,650 to 7,500 for taxable years beginning after December 31, 2000, and indexed thereafter.

The bill as amended would have the following effect on Federal fiscal year budget receipts:

Fiscal years:

	Billions
2001	−$7.4
2002	−12.6
2003	−13.8
2004	−14.8
2005	−7.1
2006	(13's)
2007	(13's)
2008	(13's)
2009	(13's)
2010	(13's)
2001–10	−55.6

Note: Details do not add to totals due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,

LINDY L. PAULL.

EXHIBIT 2

CENTER ON BUDGET AND POLICY PRIORITIES, 820 FIRST STREET, NE, SUITE 510,
Washington, DC, July 12, 2000.

LARGE COST OF THE ROTH ''MARRIAGE PENALTY RELIEF'' PROVISIONS REFLECTS POOR TARGETING—MUCH OF THE BENEFITS WOULD GO TO HIGH-INCOME TAXPAYERS OR THOSE WHO ALREADY RECEIVE MARRIAGE BONUSES

(By Iris Lav and James Sly)

SUMMARY

On June 28, the Senate Finance Committee passed a marriage-tax-penalty relief proposal offered by its chairman, senator William Roth, that would cost $248 billion over 10 years. The official cost assigned to the bill is considerably less—$55.6 billion—because the legislation will be considered in a form that provides the tax relief only through 2004, to satisfy Senate rules. history shows, however, that legislation of this type rarely is allowed to expire. As a result, the full, permanent cost of the bill should be considered the relevant benchmark.

Although two of the proposal's marriage penalty provisions are focused on middle- or low-income families, the proposal as a whole is poorly targeted and largely benefits couples with higher incomes. The proposal's costliest provision, which accounts for more than half of the package's overall cost when all provisions are in full effect, benefits only taxpayers in the top quarter of the income distribution. In addition, the proposal would provide nearly two-fifths of its benefits to families that already receive marrige bonuses.

Citizens for Tax Justice finds that only 15 percent of the benefits of the Roth proposal would go to low- and middle-income married couples with incomes below $50,000. This group accounts for 45 percent of all married couples. By contrast, the fewer than one-third of married couples that have incomes exceeding $75,000 would receive more than two-thirds of the bill's tax-cut benefits.

The Roth plan contains three principal provisions related to marriage penalties. The most costly of these would reduce the rates at which income is taxed for some married couples. This provision would increase for married couples the income level at which the 15 percent tax bracket ends and the 28 percent bracket begins, and also increase the income level at which the 28 percent bracket ends and the 31 percent bracket begins. The second provision would raise the standard deduction for married couples, setting it at twice the standard deduction for single taxpayers. A third, much smaller provision would increase the earned income tax credit for certain low- and moderate-income married couples with children.

A fourth provision relates to the alternative minimum tax (AMT) and affects both married and single taxpayers' it is not specifically designed to relieve marriage penalties. This provision would permanently extend taxpayers' ability to use personal tax credits, such as the child tax credit and education credits, to offset tax liability under the alternative minimum tax.

The Joint Committee on Taxation estimates that the Roth proposal, without the sunset, would cost $248 billion over 10 years. And the proposals long-term cost is substantially higher than this. The bill's costly provision that would extend the 15 percent and 28 percent tax brackets would not take full